



SMMUSD Financial Oversight Committee Notes

Date: Thursday, June 12, 2014

Time: 7:30 pm to 9:30 pm

Location: Testing Room, SMMUSD Administrative Offices
1651 16th Street, Santa Monica, CA 90404

I. Call to Order

The meeting was called to order by Ms. Krenik.

7:35 pm

Committee Members: Craig Foster
Peter Lippman
Cynthia Torres

Joan Krenik
Paul Silvern

Staff: Jan Maez
Kim Nguyen

Absent: Patricia Hoffman
Gordon Lee
Laurie Lieberman
Jose Escarce

Tom Larmore
DeAndre Parks
Shelly Slaugh Nahass

Public: None

7:36 pm II. Approval of May 8, 2014 Minutes - Tabled to next meeting due to lack of quorum.

The following edits were made to the May 8, 2014 minutes:

- Page 3: 2nd paragraph to read "Mr. Silvern expressed concern ~~with the bond program particularly the expenditure.~~ **about the lack of progress in implementing Measure ES.**"
- Page 3: 3rd paragraph to reflect "...getting ~~more~~ **higher or better** interest rates..."

III. Staff Report: Chief Financial Officer Janece L. Maez (*Limited Discussion*)

7:38 pm

A. Budget Update: Ms. Maez informed the committee that the preliminary general fund budget for 2014-15 was presented to the Board of Education on June 5, 2014. Also at that meeting, the Board approved SEIU labor agreement. Mr. Silvern reminded that the District will need to comply with AB1200. Ms. Maez brought the committee's attention to one of the significant item in the Governor's May Revise was the plan to increase STRS employer contribution rate from 8.25% to 9.5% (approximately over \$700k). There was not sufficient time to make changes to the preliminary and adopted budget so although the 8.25% was already built into the budget, the increase was shown as a line item in the reserve.

Ms. Maez explained another change in the District's 2014-15 budget. Due to the redevelopment money received by the District in June 2013, the District became what is known as a Basic Aid district. With that, the District expected to have a fair share amount deducted from revenue in 2013-14. The District has received confirmation from California Department of Education that the deduction of \$5.1 million will not occur resulting in the reduction of the deficit from \$9M-\$10M to about \$5M for 2013-14.

Ms. Maez also described additional procedural changes. The Legislative Joint Budget Committee voted to place caps on what reserves districts can have. Ms. Maez informed the committee that the budget public hearing and adoption were previously held on the same evening. However, with the new requirement that the public hearings and adoption of the LCAP plan and budget must be held on the same night and that the public hearing of the LCAP plan could not be at the same meeting as the budget adoption, the public hearings for both will occur June 19, 2014 and adoptions will be at a special meeting on June 25, 2014.

Ms. Torres inquired about the increase of \$1M to other operational costs that usually include utilities and PS Arts (approximately \$500k). In response to Mr. Lippman regarding mandated block grant, Ms. Maez said that the constitution had not changed so the state is still required to pay.

Mr. Foster informed the committee that several years ago, he recommended that bond money be used for solar panels to reduce electricity costs. One school district installed panels in shade structures and may have generated \$8M. Ms. Maez indicated that this could be a recommendation for Measure ES. Mr. Lippman said a group called SCRUBS conducted a lot of studies of school districts.

Ms. Maez' handouts can be found at the end of these notes.

IV. Discussion/Action Items

- 8:11 pm A. FOC vacancies
- Ms. Krenik reported that there were five (5) vacancies and eight (8) applications were received. Ms. Maez reminded the FOC that Ms. Hoffman is one of the founding members of the FOC. Mr. Foster suggested a service award be presented for Ms. Hoffman's service.
- 8:16 pm B. 2013-14 FOC Annual Report Discussion & Preparation for joint meeting with the Board
- Comments were received from the committee members and a couple of minor suggestions were made. Ms. Maez informed the committee that the Board passed a resolution issuance of Measure ES for technology and planning expenditures. The resolution was a not to exceed amount of \$75M. The District will issue \$30M after discussions with the Board and staff.
- Mr. Silvern asked that the final offering statement be circulated to the committee as well as the bond rating report when issued. Ms. Maez informed the committee that the bond rating meeting was scheduled for July 10, 2014.

V. Update from Ad Hoc Committees

- 8:30 pm A. Malibu Unification (*C. Foster, T. Larmore, P. Lippman, P. Silvern, S. Slaugh Nahass*): Mr. Foster reported that Mr. Steve Lawrence, former superintendent, who previously worked at SAMOHI in 1989 met on separate occasions with himself, Ms. Maez, and Malibu City Manager Jim Thorsen. The purpose of these discussions is to create as much knowledge as possible for the FOC to consider. Mr. Silvern asked about the articulation of the legal questions and that since all of the financial projections made in earliest WestEd work were all pre-LCFF, and when those numbers will be recalculated.

VI. Receive and File (Limited Discussion)

VII. Public Comments: None

VIII. Next Meeting: Wednesday, July 16, 2014 – Joint Meeting / Study Session with Board of Education

IX. Adjournment: The meeting adjourned at 8:44p.m.